

January 19, 1936

THE CHINA PRESS WEEKLY

A Journalist In China

CHINA CHANGES. By G. I. Yorke. London: Cape. 16s. 6d.

During two years of residence and travel in China as Reuter's correspondent Mr. Yorke succeeded in making the acquaintance of many interesting and influential people, and was thus placed in a position to observe at close range the material of which Chinese armies are composed and their methods of conducting civil warfare. He was present for a few weeks with the Chinese troops under Teng Yu-lin, opposed to the Japanese invaders of Jehol; later, in company with Mr. Peter Fleming, he visited the province of Kiangsi in order to study Chinese communism on the spot, together with the civil and military organization brought to bear against it by General Chiang Kai-shek. In these remote, sorely-harassed and uncomfortable regions he was accompanied by a Chinese "interpreter, companion and friend," without whose most capable co-operation many of his experiences would, he says, have been impossible.

He has separated the narrative of these experiences from the history of the events which he witnessed, and from the conclusions based on them. These conclusions, he admits, are mainly "drawn from first impressions, with little knowledge of the people of the country to support them." The impressions are those of an intelligent and sympathetic observer; but the opinions based upon them are frequently and obviously affected by the ever-present necessity for tactful reticence, which political conditions now impose upon the representatives of foreign Press agencies resident in the country.

Even so, the general tendency of Mr. Yorke's conclusions is not of a nature to encourage optimism in regard to the prospect of an early restoration of national unity and stability. In his opinion

"The problem which needs immediate attention is not the Pan-Asiatic dream of Japan, but the peasant revolt against oppressive taxation, scandalous rates of interest, and the fall in commodity prices. This revolt masquerades under the name of communism and banditry. Its main army is one of the most formidable in China. Chiang has laid his plans for the solution of the problem, which affects the welfare of the people, of whom at least 75 per cent live on the land. His greatness will depend upon whether he can force the necessary reforms through, in the teeth of opposition rising from the vested interests of the landlords, the gentry and the grain merchants."

From Chinese official sources, and from the Report submitted last year to the Council of the League of Nations by its Technical delegate in China, he shows that in the province of Chekiang (to take one instance) "the surcharges added to the basic land-tax since the establishment of the Nationalist government at Nanking in 1927 have increased steadily until the average rate now exceeds the basic tax by 45 per cent."

Concerning the moral of Chiang's army, he observes that the Generalsissimo "has written an admirable handbook preaching morality to the rank and file and instructing the officers how to treat civilians," but in the absence of a regular commissariat, and failing the proper payment of the troops, discipline is impossible.

Mr. Yorke testifies to the progress which has been achieved in the making of roads and the develop-

ment of motor transport; but "as the roads were made and are used by the military, and not by the merchants, it must be many years before the transport companies are a paying concern."

"In the matter of national reconstruction Mr. Yorke notes that the fervor for it is widespread. Bureaux of reconstruction have been organised throughout the country, and their expenditure has increased at an astonishing rate; the additional money has been raised by adding still further to the tax burden borne by the peasants, and by floating domestic loans."

Therefore, he concludes, "the present chaos is likely to continue, if not to increase, until Dr. Sung's (T. V. Soong) policy of employing foreign advisers is more widely adopted."

In the course of his wanderings, and during a retreat for purposes of meditation in a Chekiang hermitage, Mr. Yorke took occasion to study the Chinese classics, reading all obtainable translations; from these he frequently quotes passages which impart a pleasant flavor of learning to his commentaries on current events, even when their relevance is not apparent—L. T.

DBR 20/12

Recd

SHANGHAI MUNICIPAL POLICE.

REPORT

Special Branch - 2.

Date November 7, 1933

Time 11:00 A.M.

Subject (in full) Lecture at the Foreign Y.M.C.A. on October 31, 1933 on

"The Chinese Soviet Republic in Southern Kiangsi."

Made by D.S. Pitts. Forwarded by J. B. Pitts. D.S.

In compliance with the attached instructions of the Officer i/c Special Branch I forward herewith a copy in verbatim of the speech given by Mr. G.J. Yorke at the Foreign Y.M.C.A. on October 31, 1933 on "The Chinese Soviet Republic in Southern Kiangsi."

J. B. Pitts.

D. S.

Officer i/c Special Branch.

File
J.W.
Nov 7, 1933

Speech given by Mr. G.J. Yorke at the Foreign Y.M.C.A.
on October 31, 1933 on the "Chinese Soviet Republic in
Southern Kiangsi."

Ladies and Gentlemen,

I will preface my lecture on the Chinese Soviet Republic in Kiangsi by telling you how I came to know so much about it. Last year I was a member of the party which inspected the dyke system of the Yangtsze. In that capacity I obtained many details as to the organisation of the Chinese communists from engineers who had been responsible for rebuilding dykes in the areas in Hupeh which were then under communist control.

In August of this year Mr. Fleming, special correspondent of the London "Times," and myself decided to investigate the position in Kiangsi. Our first step was to interview Marshal Chiang Kai-shek on Mount Kuling.

China is a curious country. The head of the Central Government does not reside in his capital - Nanking - but on the top of a 4000 feet mountain 30 hours away by steamer. There he lives in the midst of a foreign missionary settlement on lot 132 surrounded by 500 similar bungalows each standing in its own grounds. Except for soldiers with sub-machine guns posted round the garden, one might be calling to take tea with the Reverend Peabody. One interviews the Marshal in a small and poky anteroom beneath a bad photo-gravure of one of Raphael's Madonnas. China is a curious country.

Marshal Chiang did not want to talk, but he was willing to wire to the governor of Kiangsi to allow us to investigate conditions on the spot. He did, however, state emphatically that he would crush the civil and military power of the communists before the end of the year. Since he has not yet begun his offensive I do not think he will be able to keep his word. But then as Mencius used to say - I use Dyall's translation - "The great man does not insist on making good his word, or on carrying out all he takes up. He only does so when it is right."

In Nanchang, the capital of Kiangsi, we were given every facility, and those whom we wished to interview saw us at once. We made two trips to the south, one down the military road to Nanfeng, the other towards Kian, which we were unable to reach as the bridges had just been destroyed by the communists. In each instance we went as far as it was possible, and, as I learned on my return, further than it was really safe to go. We were thus able to interview local magistrates and regimental commanders in the field, with several years experience of fighting the reds. In particular we talked with all missionaries in the area, thereby getting second hand information of actual conditions in the soviet state. For the missionary compounds offer food and temporary shelter to refugees from the red area. Some 40 had passed through a few days before so that some of our information was up to date. Moreover in Foochowfu is a military school for training some of those who have been captured or who have escaped from the red area. There we had a long talk with an extremely intelligent young man who stated that he found that communism did not pay.

Returning to Nanchang we motored west along the new road to Pingsiang on the Hunan border, and thence by train to Changsha where we interviewed the governor Ho-chien. We then motored, walked, took a ~~taxi~~ sampan and finally a train to Canton. In September I returned to Kiansi for three weeks as a special correspondent for Reuters News Agency.

So much for my preface.

The Chinese Soviet Republic controls an area of approximately 50,000 square miles and is roughly the size of England. Two thirds is in Kiangsi, one third in Fukien. The population is not less than five millions. The district is self-supporting as regards food with the exception of salt. Ten years ago the principal exports were wood or charcoal, flax, indigo, sugar cane and tobacco. Owing, however, to action taken in Canton and Nanking exports on any large scale ceased in 1930. In the same year the Chinese Soviet Republic announced that the destructive phase in that area was over. They then proceeded to build up an exceedingly unpopular but effective administration. The interest to me lies in the effectiveness, for I find effectiveness so rarely in modern China. With the exception of an economic blockade they have hardly been interfered with by Nanking or Canton. Nearly all fighting to date has taken place in what I term the pink fringe which surrounds the communist state. Two attempts at invasion have been made during the last three years, but they both met with disaster. Chiang Kai-shek is preparing is preparing for but has not yet started a third and more serious invasion.

The capital of the Soviet Republic is Juiking, some 250 miles south of Nanchang. There resides the central commissioner appointed by the executive council of the communist party in China. There also is to be found Mao Tse-tung, the leading spirit in the movement. A reward of \$100,000 has just been offered for his capture, and \$80,000 for his head. He is a young man of 33 whom Borodin discovered in Canton in 1926. He studied at Lenin University, Moscow. As a student he was a tireless reader and was the butt of many jokes since he would pick up every scrap of paper to see what was written on it. He is a sincere though mistaken idealist working for what he believes to be China's good. Consequently his enthusiasm is infectious. He is a martyr to tuberculosis and is not expected to live for long.

In Juiking Mao has established a Workers' and Peasants' bank with a note issue of \$20,000,000. The value of these notes is maintained by shooting all who dare to dispute it. A branch of this bank travels round with Chu Teh and army headquarters to redeem the receipts which regimental commanders give in exchange for the food and stores which they have requisitioned.

The mint issues new 20 cent pieces every year and I have seen a silver dollar bearing the head of Marx on one side, the hammer and sickle the other. But I have no evidence that this dollar is in wide circulation as are the 20 cent pieces.

I believe that little or no financial assistance is now received from Russia. All money which has been looted or paid over in ransoms during the last five years has been sent to the Peoples' Treasury Department, and is used for propaganda and purchases outside the communist state. From this fund are financed those who use the label of communism to disguise their banditry. You must remember that only in southern Kiangsi and western Fukien is there a soviet state which has entered the constructive phase. Elsewhere as in north east Kiangsi, on the Hunan and Hupeh borders and in Szechuan communism is a cloak for brigandage and an excuse for independence of established authority. It is believed that leaders such as Ho Lung receive financial aid from Kiangsi. In return they stir up trouble at any time like the present when Chiang Kai-shek is attempting to concentrate all his forces in Kiangsi so as to smash the red menace once and for all.

A daily paper is published in Juiling. The postal system has been taken over intact and the minor officials retained. A red five cent stamp with the hammer and sickle design in the centre is used.

Education has not been neglected. In Juiling is to be found a Lenin normal and a Lenin public school, whilst party workers and army officers are trained in the military and political institute. Schools

have been established in the villages, although I do not know to what extent. Great stress is laid on teaching by political songs and play acting. Everywhere the portrait of Lenin has replaced that of Sun Yat-sen.

In Juiking is a central hospital and two sanatoria, whilst a start has been made to set up free clinics. The red cross units which follow the army seem to be efficient. I have spoken with a soldier who was wounded and captured in the Nanfeng area last spring. He received medical attention and was so well fed that he offered to join the red army. He was, however, rejected on account of his eyesight. He was then given a pass back to the government area where he rejoined his regiment. He was wounded again two months ago and I talked with him on his way back to a hospital in Hankow to convalesce.

The old district boundaries have been retained intact, but each hsien, chu and village has its own soviet congress and executive committees watched over and controlled by party advisors.

In the towns a census is taken of the room space and the population. Lodgings are then allotted to each family irrespective of previous ownership. All title deeds are burned, all mortgages cancelled. Shops and small industries are run on a soviet or co-operative basis, the former owner being allowed to come in on equal terms with his employees. Prices are state controlled so that no real profit can be made. The limit of ready money which any one person is allowed to possess is \$50, - of capital - \$300. I can picture no-one more miserable than a small Chinese shop keeper who is forbidden to bargain over each purchase and sale; for he is deprived of his main topic of conversation.

The aim is to eliminate middle-men by encouraging producers' and consumers' co-operatives. To what extent this has been achieved I do not know, but a system of rigid state control to the complete destruction of private enterprise is so foreign to the Chinese character as I understand it that I cannot believe in its ultimate success.

Two permanent standing-committees in each town deal with the problem of squeeze and corruption. Sealed boxes for complaints are placed in the streets. Cases considered to be important and not bearing on the relations or interests of members of the party are carefully investigated, offenders being shot or pilloried in the press. They cannot be fined since the possession of more than \$50 cash is illegal.

Large scale industry does not exist, so that there is no Five Year Plan to investigate, but I believe that cottage industries and handicrafts are encouraged with a view to making the state self-supporting. Indeed this is an automatic result of the close blockade which Chiang Kai-shek has instituted. Yarn is once more spun in the home instead of being imported from Shanghai and Canton.

Agricultural land like town property has been redistributed after the destruction of all title deeds and mortgages. Three-tenths have been allocated to the farmers' unions; three-tenths to the state and four-tenths to private individuals, the limit allowed to each family of five adults being 20 mow or approximately 3 acres.

I understand that the farmers' unions have been a failure and that much of their land is now rented to individuals. The three-tenths taken by the state represents part of the mountainous forest area.

This sys ... would be tolerable to the farmer were he allowed to enjoy the fruits of his labour, but the price at which he can sell his produce is state controlled, whilst in addition his crop is liable at any moment to confiscation by the civil or military authorities. In return he is given a receipt which reads as follows:

"Chinese Soviet Republic Provisional Central Government

provisional grain loan testimonial card."

- i. The Central Government which during urgent periods of military operations borrows grain for military provision from the people especially issues this card as proof.
- ii. Those borrowing oil and salt must at the same time issue this proof card.
- iii. Holders of this card can after the early grain crop of 1933 receive from the said government in exchange new grain according to the recorded amount.

This card is issued by the Council of the Peoples' Treasury Department.

At all times the peasants are liable to conscription for whatever purpose the party leaders see fit. They are registered in age groups - 10 to 15, 15 to 20, 20 to 40 and 40 to 60 years.

The 10 to 15 group comprises the "labourers and peasants red army school revolutionary mutual aid society." Since one of the aims of the party is to destroy the tradition and influence of the family, these children are taken from their homes and ~~imprisoned~~ if possible from their districts, to be educated. They are brought up on propaganda such as "Learn to study in the communist national division and examine into the methods of establishing young China," or "To establish a new China based on Youth; this is the boldest and most glorious task" - and so on. They are formed into lads' brigades and given some sort of boy scout military training. I know of two instances in which they were actually used in the fighting against government troops. The more intelligent are sent into the Government area as spies. To accustom them to bloodshed they are forced to execute all those who have been condemned to death by the party leaders. Beyond the fact that they are taught to sing, dance and act I have little knowledge of their schooling.

The 15 to 20 class are liable to conscription to the uniformed ranks of the Red Protection army. Until recently they were used to terrorise the population in what I term the pink fringe which surrounds the communist state. They are mainly used as agents of terror and destruction.

The 20 to 40 class till the fields and are liable to conscription into the uniformed red army.

The 40 to 60 class are used to cut and gather brushwood in the mountains which are the property of the state.

All classes of either sex are liable to constant conscription for any task which the civil and military authorities see fit to impose. They are forced to belong to an infinity of societies of which the following titles are typical :- "Chinese workmen and peasants' red army opposing imperialism promoting the soviet sweat alliance;" "Chinese Soviet Provisional Central Government workmen and peasants' red army central revolutionary military affairs committee" with branches in each district; Revolutionary general society;" "Mutual aid society" with a military branch called the "Army general mutual society;" "Farmers' Union" and so on. In each of these societies they are spied upon and controlled by members of the party. Southern Kiangsi is a paradise for those who collect badges and armlets.

At the moment the interests of all are subordinated to that of the army. It numbers 70,000 uniformed and disciplined men. It is without doubt one of the most effective armies in China. This is owing to the genius of Chu-tah, a small dark man of 48 with piercing eyes who was trained in Germany. He is a sincere communist and lives on an equality with his men. His real genius lies in the organisation that he has built up.

In the first place the majority of his men are not red fanatics fighting for a cause but professional soldiers from S Shantung and Honan in the North whose interest goes no further than their stomachs. He has, therefore, paid them \$8 a month in full for the last three years. This was easy since the pay was in communist banknotes which are forced on the civilian population at the point of the pistol.

Discipline is maintained and the men are kept up to the red mark by party spies who permeate their ranks. All suspects and grumblers are shot.

Attached to the army are six bureaux, two of which are composed of women. One looks after the comforts of the men, sending them parcels of cigarettes, socks and what not. They also have to keep the Red Cross units supplied with bandages. A branch of this Bureau is responsible for the Soviet brothels at the various bases which are used to reward and encourage soldiers who have distinguished themselves on a campaign.

The second Bureau travels with the troops and organizes a corps of washer-women wherever they may be.

Another Bureau, this time of men, has to supply the army with guides.

A fourth Bureau handles intelligence and is divided into two branches: one functions inside the army itself, the other obtains and collates information of enemy troop movements and dispositions. In this, I am afraid, they are aided by a willing peasantry. For during the last two years, although the communists oppress the villagers to a pitiable degree within the red area, they have treated those in the pink fringe with studied generosity. Goods commandeered by raiding parties have been paid for in full at more than the market price. In one instance to my knowledge, a motor bus was held up between Nanchang and Nanfeng. Three merchants were carried off for ransom and the driver was shot as he ran away. But the countrymen who were travelling in the bus were released and \$100 were sent to the parents of the driver in compensation for their loss. They were told that as the driver was a workman he would not have been molested, but he was shot in ignorance as he was running away.

The reds appreciate the maxim laid down by Hsun Tze in his debate on military affairs some 300 years before Christ: "When a benevolent man controls a State of 10 li he will have intelligence from a hundred li, when he controls an estate of 100 li he will have intelligence from a thousand li."

Also like Dr. Sun Yat Sen before them they make full use of the secret societies, such as the Big Sword, the Red and Black Spear, the Heavenly Gate, the Great Fairy, the Heavenly Triad and the Green Fraternity whose ramifications are to be found in every province in China. These societies are united in a common and inherited hatred for whatever dynasty or warlord or party is in power in their district. They are a natural corollary to the right of revolt which runs through the moral code of Confucius.

A fifth Bureau has to arrange for the transport of stores and ammunition. You must remember that in the communist country there are no roads but merely paths paved with stones which climb the mountain sides with countless flights of steps. Since wheeled transport is out of the question, food and ammunition has to be carried along from bamboo poles. Carrier coolies are conscripted for this purpose but are never taken out of their own area.

The sixth Bureau has to provide stretcher-bearers and to improvise field hospitals.

The Chinese Labourers and Peasants Red Army under Chu Teh consists of some 70,000 uniformed and disciplined men. They possess plenty of machine guns, but no artillery. Their ammunition, however, is of poor quality since the powder from the arsenal at Juiking is made of local materials. In battle they are preceded and assisted by the Red Protection Army. I have no reliable figures as to the size of this Protection

Army, but I estimate it to be about 100,000. It consists mainly of lads conscripted from the 15 to 20 class with a stiffening of regular soldiers. They bare largely used as cannon fodder and to harass the flanks and rear of the enemy. When you read in the papers of a large Government victory it generally refers to a slaughter of these poorly armed, untrained conscripts. In times of peace, they are sent out on raids beyond the pink fringe to harry and terrorise the countryside. They are also used to patrol the borders of the red State so as to prevent the movement of unauthorized persons without permits. It is largely owing to their activities that the Government are unable to get any information as to the whereabouts of Chu Teh and his three red army corps. They also prevent discontented peasantry escaping from the red terror. They wear no uniform and are armed with pistols, spears and what not. They force the local garrisons and people's defence corps to be continually on the alert. They are an indispensable and unique part of the ~~maximum~~ regular red army whose ranks they enter at the age of twenty.

I think you will be as surprised as I was to learn of the organization and effectiveness of the Chinese Soviet Republic. It is, however, my habit when in China to look for the good points in anything which I am investigating. Otherwise I might quickly return to England in despair. I have done so in my study of communism in Kiangsi. Please, therefore, remember that the system was built up and is maintained by terrorism and that the record of slaughter and wanton destruction exceeds that of the Taipings in intensity though fortunately not in extent. Other regimes have been as ruthless but few as effective. This effectiveness is caused by the presence of some 400 Chinese students who studied in Moscow and Habarovsk. It is one of the less fortunate results of the revolution that the system for recruiting the civil service in China broke down with the fall of the Ching Dynasty. This will soon be remedied since experts from the League of Nations are already working at the problem. Nevertheless, to-day the civil service is only open to those who have influence or friends. Young men with initiative and a legitimate grievance against the powers that be went to Russia to study, and on their return percolated into Kiangsi from Shanghai. These infected by the enthusiasm of Mao Tse Tung they have the opportunity of their lives. For they are in the saddle. They have no Russian advisors since the Chinese are too independent a people to tolerate interference and control by a foreign nation. They are not interested in the Russian insistence on class warfare. But they have applied Russian technique to the task of governing an agricultural and mountainous district in Kiangsi. The result is an interesting and effective though unpopular administration. Even so the measure of success which they have achieved is largely due to the chance that Chu Teh, the idol of his professional army, happens to be in sympathy with their aspirations.

Let me assert once more that although I sympathize with these young men I abhor their methods, and believe that in their attempt to destroy the freedom of the individual under the pretext of liberating him and to uproot the ethical code of Confucius, they are a menace to the old established civilization of China, and -- should their influence extend -- to the peace of the world.

Accordingly, Chiang Kai Shek has started that he will this winter extirpate them and their system root and branch. I will devote the rest of my time to telling you the preparations which he has made in order to do so. It would be a breach of faith for me, safe in my extraterritorial privileges in Shanghai, to broadcast what the military censor in Nanchang would not have permitted me to telegraph. I can, however, say this much.

Chiang Kai Shek has brought to Kiangsi approximately 60 Divisions or 300,000 men well supplied with ammunition and machine guns. Some 200,000 of them are being concentrated along a 350 mile front from Lichwan to Kian. In Fukien in the East, on the Canton border in the south and the Hunan border in the west, a further 300,000 have been marshalled, making 600,000 in all.

For his own troops, Chiang has provided hospital accommodation for 10,000 cases and has brought X-ray equipment and a staff of qualified doctors and nurses from Nanking. A corps of 10,000 stretcher-bearers have been organized, 3000 of whom were raised by the citizens of Nanchang. They are uniformed and I myself have seen 1500 on parade. For the first time in the history of the Chinese army pensions are to be provided for the permanently disabled. They will be given up to \$20 to enable them to go home and when they arrive they will receive \$30 a year for three years.

Now roads cease as soon as the communist state is entered. Chiang has therefore had to organise a corps of 30,000 "iron shoulder" men to assist in the transport of supplies and ammunition. There are in addition to the normal complement of one carrier soldier to every ten men with rifles in each regiment. Ten thousand of these "iron shoulder" men are recruited by the Peoples' Bandit Suppression Committee in Nanchang. They are paid \$12 a month from which is deducted the cost of their equipment - namely, padded winter clothes, a blanket, a towel, a mug and a rice bowl. They find their own food out of their pay which is therefore in excess of that received by a private soldier.

Since he has the interests of his men at heart, the Marshal has asked the missionaries to visit the wounded in hospital. Further he has decreed that he will shoot any commander found tampering with the men's pay. To each officer he has issued two separate pamphlets graced with words from his own brush telling them how to treat the civilian population. Calling on a major in the field I was delighted to find one of these pamphlets open on his table.

For the first time in the history of China, a Chinese army will make extensive use of aircraft. Nine aerodromes have been built in Kiangsi, the hangars at Nanchang being permanent. Over 50 new American and Italian bombers will be used by the new air force which has been trained at Hangchow for a year specially for this campaign. Reconnaissance planes have already done sterling work in mapping the paths in the communist area, for the mountain paths of stone show up well in photographs taken from the air.

All this is to the good, but the crux of the problem lies in civil not military organisation. It is here that Chiang is showing his greatness. He has constructed a road from the Chekiang border in the east through Nanchang to Pingsiang on the border of Hunan in the west. In the spring work is to start on a railway which will follow this road across the province and so link Shanghai with Changsha the capital of Hunan by rail. Bonds received on the revenue from the provincial salt tax will provide twelve out of the twenty million dollars needed to build the line. Roads have been driven south to Nanfeng and Kian, and as soon as the campaign has been successful, will be continued on to the Cantonese border. In spite of heavy bus and lorry traffic these roads are kept in excellent repair owing to the fact that three men are employed on permanent upkeep to every two miles of road.

Local militia have been organised on the lines laid down by Tieng Kuo-fan when he suppressed the Taiping rebellion. They are partially armed with rifles and are under the control of the magistrates. In the areas near the red state the villages have been connected up by telephone so that the militia can be mobilized at a moment's notice.

Two block houses of brick have been erected in every village with 200 families or more. It is true that I noticed one block house nestling in a grove of trees so that the sentry could have shade. But it proved to be a solitary exception or perhaps by now the trees have been felled. All towns, Nanchang included, have been strengthened by the repair of the city walls and the construction of forts, trenches and wire entanglements on the surrounding foothills.

All this is sound, though it is not new. Of much greater interest are Chiang's plans for the education of the peasantry, the stabilization of grain prices and the encouragement of co-operative societies amongst the farmers both for marketing their produce and obtaining credit on reasonable terms. In them we can see how the Marshal hopes to rehabilitate the peasant farmers in China.

I will first deal with education. Chiang Kai Shek has decreed that 12 additional special schools be opened in each of the 63 hsien at present under his control in Kiangsi. The system will be extended into the communist area as soon as that area has been occupied. The expenses of each school are to be \$500 a year, half of which is to be found locally, half by the Provincial Government. The teachers are to receive \$240 a year. They are being trained and special text books are being written simultaneously. 300 have already taken the course in Nanchang, whilst another 400 are undergoing instruction.

Children up to the age of 16 will be taught to read and write and will be grounded in San Min Chu I and the ethics of Confucius, special stress being laid upon politeness and filial piety. You may remember in the classics of filial piety how a young hero acquired merit by lying quiet at night so that the mosquitoes should feast off him instead of his parents. Instead the modern Kiangsi boy is to do his best to prevent them from breeding. He will also have to invent a more up-to-date excuse for stealing oranges than to say that his mother is fond of them. He will be brought up to revere Yao Fei and Wen, the patron of Literature who was a Kiangsi man, as well as to respect Dr. Sun Yat Sen.

The children will have to do physical exercises and will be given simple training in handicraft and agriculture. Each school is to have a lads brigade from which the boys will pass into the local militia.

They will work a seven-day week since Sunday is not a Chinese institution. They will have special holidays during the two harvests and on the national festivities, the total rest days during the year not to exceed sixty.

Adults are to receive a four months' course in the evenings at these schools. Physical training will be given, whilst hygiene will include the care of children. Training in the local militia will include fortification and road building.

One of the new text books for adults has just been printed. It is written in effective doggerel and is well illustrated. I possess an advance copy. It begins with the admirable statement "I am a Chinese man, I like the Chinese." The corollary, "I am a Kiangsi man, I like Kiangsi" follows. Li Hung Chang is caricatured for signing unequal treaties with the foreign Powers. All are then exhorted to unite against the communists and the Japanese. Personal cleanliness, obedience to law and simple ethics are taught. The importance of self-defence and co-operation is stressed over and over again. The peasants are the backbone of the nation. They should learn to protect their homes and their interests: the one by training with the People's Defence Corps, the other by co-operation. They should form credit societies and borrow at 10 per cent from the Kiangsi Branch of the Agricultural Bank. They should sell their rice and buy their necessities from their local co-operative stores instead of from the shopkeepers. Thus they will come into their own once more.

In his educational policy, Chiang is hearkening to the words of Mencius: "Good government does not win the people as good teaching does. The people fear good government; they love good teaching. Good government wins the people's money, good teaching wins their hearts."

Equally radical and no less far-sighted are the plans for the stabilization of the rice market. The Provincial Government is to buy rice direct from the farmers and market it in bulk, thereby eliminating the dealers. The Bureau of Food Control under Professor Hsiao Shun-ching already receives three times a month reports of the price of grain from the market towns. With this knowledge at its disposal the provincial government has already entered the market as a purchaser with a view to stabilizing the prices. The rice so bought is stored in government warehouses at Foochowfu, Nanchang and Kiukiang. After being graded it is sold in bulk in Tientsin, Shanghai and Canton. Special rates of transport have been arranged with the China Merchants' and Shanghai-Ningpo shipping companies.

Ultimately when co-operative societies have been organised amongst the farmers the government will buy direct from them, thus eliminating the merchants, who up till now have been in a position to exploit the peasant proprietors. Further receipts against the rice stored in the warehouses will be issued in the form of bonds to increase agricultural credit.

To assist in this work "three normal schools for rural education" have been opened in Kiangsi whilst a fourth is being planned. Two hundred young men have already been trained to lecture and give practical demonstrations in the villages. They organise co-operative movements among the farmers, and are partly responsible for the 300 co-operative credit societies already in existence on the lines laid down by the China Famine Relief Association.

These societies borrow money at 8% and pass it on to their members at 10%. They borrow such money from the Kiangsi Branch of the Agricultural Bank which Chiang Kai-shek founded in Hankow. This branch has a working capital of one million dollars one quarter of which was found by the provincial government.

The capital not out on loan will be used to finance the reclamation of land by the building of dykes in the Poyang lake area. For this purpose a "Reclamation and Emigration Committee" has already been formed in Nanchang. Plans have been approved for the reclamation of 60,000 mow. This new land is to be peopled with 250,000 peasants who will be brought from the soviet State in Kiangsi. Only those who are believed to be thoroughly impregnated with communist teachings will be emigrated. They will be settled on the basis of 20 mow or 3 acres to each family of five adults.

Last but not least, the provincial taxation has been reorganized. When the likin was abolished the incidence of taxation fell somewhat too heavily upon the agricultural areas. By instituting a commodity tax graded as to raw products, manufactured articles and luxuries Marshal Chiang, through the Governor has been able to lighten the burden of the peasant proprietors. Further, he has reorganized the system of collection by making the villagers mutually responsible for the payment of their taxes direct to the Magistrate instead of individually through an official collector who had to make his living out of the transaction.

I think you will now agree with me that the situation in Kiangsi repays study. But please remember that the majority of the reforms of which I have described are still on the paper stage. China to-day reminds me of a conversation which Mencius once had with King Hsuan of Chi some 300 years before the birth of Christ. "King, if your Minister were to trust his wife and child to a friend and go on a journey and when he came back his wife and child were cold and starved, what should he do?"

"He should cut him off," said the King.
"If the Chief Knight could not order the Knights,
what should be done?"

"End him," said the King.
"If within the four border's, there is no order,
what should be done?"

The King looked left and right and spoke of other
things.

SHANGHAI MUNICIPAL POLICE.

Special

Shanghai - 32/11/33

REPORT

Date November 1, 1933

Subject (in full) Lecture at the Foreign Y.M.C.A. on October 31, 1933 on
"The Chinese Soviet Republic in Southern Kiangsi."

Made by D.S. Pitts. Forwarded by *A. J. L. Pitts.*

Acting on instructions received, the undersigned proceeded to the Foreign Y.M.C.A., where at 9.15p.m. October 31, 1933 a lecture was given on "The Chinese Soviet Republic in Southern Kiangsi" by Mr. G.J. Yorke, special correspondent for Reuters, who has been in China a little over a year doing research work for the London Branch of the Institute of Pacific Relations and the Institute of International Affairs, Chatham House.

The following is a gist of the main points of the lecture, which was broadcast over station XMHA, and which was presided over by Mr. George Fitch:

Last Spring Mr. Yorke accompanied the Chinese Army into Jehol, but on Chang Hsueh-liang's resignation, he was arrested and forced to return to Peking. Later together with a Mr. Fleming of the "Times" he interviewed Marshal Chiang Kai-shek in Kuling. Mr. Yorke and Mr. Fleming having obtained letters of introduction to various authorities, then travelled overland from Nanchang to Changsha and Canton and were given full facilities for investigating the problem presented by the Chinese Soviet Republic in Southern Kiangsi. Returning again to that province as Reuters' special correspondent, Mr. Yorke spent a further three weeks in his investigation.

The Chinese Soviet Republic controls an area of nearly 50,000 square miles, two-thirds being in Kiangsi, the remainder being located in Fukien. The population under Soviet control is not less than 5,000,000 persons, forming a district which is self-supporting in so far as food is concerned with the exception of salt, for which they have to pay eight times the normal price.

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In 1930 the Soviets proceeded to establish an extremely unpopular but very effective administration in the area in question. With the exception of the economic blockade they have not been interfered with until recently by either Nanking or Canton.

The capital of the Soviet Republic is Juiking, some 350 miles south of Nanchang where resides Mao Tse-tung, the leading spirit of the soviet movement in China. A reward of \$100,000 has been offered for his capture by Nanking, and \$80,000 for his head. He is a young man of 33 whom Michael Borodin discovered in Canton in 1926, and later studied at the Lenin University at Moscow. At present however, he is a martyr to the ravages of consumption and is an extremely sick man.

In Juiking, Mao has established a workers' and peasants' bank having a note value issue of \$20,000,000. The value of these notes is constantly maintained by killing anyone who has the temerity to dispute it. A branch of this bank travels around with the Red army headquarters to redeem the receipts which regimental commanders give in exchange for food and stores which they have from time to time requisitioned.

In northeast Kiangsi, on the Hunan and Hupeh borders and in Szechwan communism is a cloak for brigandage and an excuse for independence of established authority. It is believed that leaders like Ho Lung receive financial aid from the Soviets in Kiangsi, in return for which, they stir up trouble at any time, such as the present, when General Chiang Kai-shek is attempting to concentrate all his forces in Kiangsi so as

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annihilate the red forces.

In the Soviet areas the old district boundaries have been retained, but each hsien and village has its own soviet congress and executive committees watched over and controlled by party advisors, who are all Chinese, there being no Russians or any other foreigners at all, although the Russian technique is employed in all their executive dealings. In the towns a census is taken of the population and the room space. Lodgings are then allotted to each family irrespective of previous ownership. Shops and small industries are conducted on a co-operative basis, the former owner being allowed to take part in equal terms with his previous employees. Prices are state controlled with the result that no profits can really be made. The limit of ready money which any one person is allowed to possess is \$50, and of capital \$300. (These figures, when taking 80% of the Chinese population into consideration, are enormous and reveal that a true soviet state has not yet been established).

Large industry does not exist in the communist state.

Agricultural land, like town property, has been redistributed after the destruction of all title deeds and mortgages. Three tenths' have been allotted to the farmers' unions, three tenths' to the state and four tenths' to private individuals, the limit allowed to each family of five adults being 20 mow.

At all times the peasants are liable to conscription for whatever purposes the party leaders think fit. They are registered in age groups 10 to 15, 15 to 20, 20 to 40

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and 40 to 60 years. All classes of either sex are liable at any time to conscription.

At present all interests are subordinated ~~are~~ to that of the army, which numbers 70,000 uniformed, disciplined and contented men, and which as a fighting unit, is probably the best in China. This is due to the ability of Chu Teh, a small dark man of 46 years, who was trained in Germany.

Chu Teh is a sincere communist and lives on an equality with his men. The majority of Chu Teh's men are not red fanatics fighting for communism, but professional soldiers from Shantung and Honan fighting for their stomachs.

Discipline is maintained and the men are kept up to the mark by party spies who permeate their ranks. This army has plenty of machine guns but no artillery, and their ammunition is poor. In battle however, they are preceded by and assisted by the Red Protection Army, numbering almost 100,000, and mainly composed of the 15 to 20 years conscript class, who are used largely as cannon fodder.

Their duties consist of harrassing the flanks of the enemy and they are generally armed with spears and swords.

Communism is effectively administered by a reign of terrorism and ruthless destruction, some 400 Russian trained students being in their element at the head of party affairs in the Soviet state.

Chiang Kai-shek has now concentrated some 600,000 men in the neighbourhood of Southern Kiangsi and intends this winter to exterminate the communist menace there. Nine aerodromes have already been built and at present there ^{are} 50 aircraft stationed in these aerodromes to deal effectively with the

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troops of Chu Teh. The crux of the situation lies not in military affairs but in civil matters, as it will be extremely difficult to dislodge the Red troops, who are protected by wooded hillsides, and are masters at guerilla warfare. Chu Teh has not lost a battle for three years and inspite of the strength of the Government forces, it will be extremely difficult to gain a victory outright over the Soviet troops.

The remainder of the address was taken up by the manner in which General Chiang is dealing with educational problems on the borders of the Red state.

The audience which numbered less than 100 persons included Wilbur Burton and Maurice Arrelman who both form subjects of Special Branch files. At the close of the lecture Burton made himself rather conspicuous by asking several questions on the probable future results of the Soviet state.

A verbatim report of the meeting is being prepared and will be forwarded in due course.

in Picto.

D. . . S.

Officer in Charge Special Branch.

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*Thanks. Please put up
verbatim report later. J.W.*